



INSIGHT on Coinage

Institute for Applied Numismatics and Research
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EDITORIAL

Number 13

HAPPY NEW YEAR! Old Business: I forgot to mention that November 1991 marked the first anniversary of this publication. I quietly let the date go by. I've heard that the first few years are the hardest and can make or break you. New Business: The entire front page. I'm trying a new "look". From now on, each issue will be numbered. This will make it simple to tell if you have a complete set and also provide an easy way to keep track of the issues remaining for your subscription. This is lucky number thirteen! I did not publish a newsletter last December.

My Grading Correspondence Course is proving popular; a majority of the students are starting the second part of the course. One of the major problems with grading standards which they will learn about is the confusion of terms and room for interpretation of words like "few". See BACK TO BASICS for "some" humorous thoughts on "many" of those adjectives that numismatists use to quantify bag marks.

It seems the power of the written word, when used in a constructive manner and directed at a legitimate problem may prove to be invincible. It appears that after five years of crusading to get the cleaned and altered surface coins out of slabs, some changes are taking place. A great deal of credit goes to Coin World and Numismatic News for allowing comments and the exchange of opinions to appear in print. Also, credit PCGS for taking a lead in facing up to this problem! The day may be fast approaching when at least one of the major grading services can "truly" advertise that they do not slab fraudulently altered, polished, or cleaned coins!

Finally, why another authentication and grading service? To turn up the pressure! While writing the NOTES ON UNCIRCULATED COINS on page number six of this issue, I realized that there was still more work to be done. If two different collectors pay \$22,000 for a slabbed High Relief, and one coin is buffed ... Watch for details on my educational grading and authentication service for my correspondence course students and others.

TOO HOT TO HANDLE

In my Numismatic News column of January 14, 1992 I promised to tell the entire story of one of this century's most fascinating counterfeits, the "Omega-type" High Relief. I confess to being prejudice about this coin because it was my first big discovery of a "new" counterfeit at ANACS; and it marked the time when my opinion of the authenticity of U.S. coins began to carry as much weight as any numismatist in the country. This story is a textbook case of coin authentication and gives an insight into the methods we developed for coin authentication which are still valid today.

The story of these counterfeits began at the 1971 ANA Convention held in Washington, DC., where a large number, possibly as many as fifty, of Roman Numeral High Relief Twenty Dollar gold coins began to circulate among dealers and collectors. In a twist of fate, this also happened to

be my first ANA Convention. At the time, I was a graduate student working in geology at the Smithsonian and I can remember leaving work for a few hours each day to attend the show. I didn't know much about the ANA then and was not a member; but, approximately two years later, by a lucky break, I was hired to work as a clerk/lab assistant at ANACS. Within a few months, my path would cross these High Relief Coins again.

In 1973, coin authentication was still in its infancy. I like to refer to 1973 and before as "the Dark Ages". The ANA had established a trust fund and used the money to start a certification service for coin authentication. Methods used to detect counterfeits at the time included measurements of a coin's size, weight, and specific gravity. Its color, relief, and most importantly "style" were also compared to genuine coins. I describe the "Style Method" of counterfeit detection used in the early days in next month's MICROSCOPICALLY SPEAKING column and my 12/91 column in Numismatic News. Once a counterfeit die was uncovered because of its bad style, markers were located to identify it. Back then, these consisted mostly of spiked tool marks or pimples and depressions. The counterfeiters were lazy and would use the same reverse die paired with obverse dies of many dates. A strong argument could be made that a coin was not genuine when the same reverse occurred on coins dated from 1862 through 1907; because genuine dies did not last that long! Additionally, I was taught several characteristics which "assured" that a coin was not genuine. These included tool marks; cast bubbles, seams, or gates; a wavy surface; and extraneous metal in the fields. I'll be showing examples of many of these characteristics in future BACK TO BASICS columns, on genuine coins! See why I call this period the "Dark Ages"?

My first duties at ANACS were mostly clerical. I helped open packages, weighed and photographed coins, and prepared finished coins and certificates for return shipment. In between, I was given a chance to look at the coins to learn why they were good or bad. I don't remember the order we received them, but soon I was examining two of the beautiful High Relief-style coins which were ready to be shipped back as genuine. High Relief Twenty Dollar coins have always been my favorite in the entire U.S. series. I had seen a few before coming to ANACS; but none while using a stereo microscope. While looking at the coins, I noticed one was different in a way which I couldn't quite put into words. There was something about the coin which caused it to look "funny" (I would come to realize that the difference was due to a satin-like luster on the fake). I shipped out one of the coins; then asked if I could study the "funny" coin a few days longer.

I'm thankful that I had a good teacher who understood the learning process and who would tolerate my nagging questioning of his opinions and methods only to patiently explain away the challenges. I was taught that the most important aspect of counterfeit detection was to KNOW WHAT THE GENUINE COIN SHOULD LOOK LIKE. For this reason, a majority of the coins I was given to examine while I learned, were genuine. This way, I would develop an "eye" for the "Mint Quality" of genuine coins. I learned fast and made some significant contributions almost immediately so the Director allowed me a great deal of leeway and more time for authentication duties. I had earned his respect quickly when I devised a revolutionary way (Die-Scratch Method) to authenticate a troublesome group of low quality 1893-S Morgan Dollars which had been laying around ANACS for a periods up to six months without opinion before I was hired!

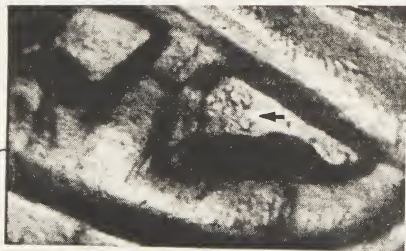
Every few days, I would examine the "funny" High Relief in order to discover why it affected me in a negative manner. The director of the lab believed it to be genuine, its photo-certificate of authenticity was ready, the coin had good "style" and relief yet its color or "look" was not quite correct (in my opinion).

Others may have been having second thoughts about some of the coins which had entered the marketplace because we received another of the "funny" St. Gaudens High Relief Twenty Dollars coins in the mail for authentication a week or two later. Remember, these coins had been trading among dealers and at auctions for about two years! At the time, they were fooling just about everyone in the business. Now that we had two of these coins at ANACS, I was beginning to doubt my original gut-reaction, and felt pressure to accept the fact that the coins were both "good" and let them go out. After all, I was new at this game; I couldn't hold the coins forever because everyone I talked with believed them to be genuine.

The breakthrough came for me later while I was looking at both coins together, trying to discover some die similarities. Breakthrough is not a strong enough word because within the space of fifteen minutes, the field of coin authentication took another giant leap ahead of the counterfeiters. With those two coins, we discovered the concept of circulation damage; found the first examples of "wormy tool marks", and stirred-up a controversy from which ANACS would emerge as clear winner and worthy of greater respect than many dealers were willing to admit. The ironic part of this story is that it could have easily gone the other way! As I already related, I was almost at the point of giving-in to the experience of my teacher and doubting that I had ever really seen a difference between that first genuine High Relief and the "funny" coin (Especially since I no longer had the genuine coin to reinforce my opinion).

While using my new "Die-Scratch-Method", I was looking for markers to record so we could always identify the "genuine" dies used to strike the two "funny-looking" but reluctantly (from my point of view) genuine High Relief twenty's, when I happened upon a strangely sharp-looking lint mark in the claw of the eagle on the reverse. Briefly, a lint mark results when a tiny piece of thread or fiber lint comes between the planchet and dies during striking (see Insight, Vol. 2 No. 6). The borders of struck-thru errors are usually not sharp but these were! It looked like scratch damage at first. In addition, the mark had the shape of a folded-over piece of lint which reminded me of a skull-and-cross-bones. Amazingly, an identical mark was on the other coin

Photo at right shows the mark, which was later named "Omega", in the claw on the coin's rev.



in exactly the same position (virtually impossible if the mark was indeed a lint mark or "struck-thru")! Next, I turned the zoom-power of my microscope to about 40 power and almost immediately saw other unusual marks which I had never seen before on any of the genuine coins I had viewed. These marks were intertwined like spaghetti noodles or fishing worms. They were all over the surface, some larger than others. I named them "wormy tool marks". These coins couldn't be genuine, I thought. When I showed the director of the lab my findings and the "skull mark", he replied that it looked more like the Greek letter "Omega" and we had a name for this fake. That, plus the odd tool marks, made him question his original opinion. He commented that the coins were possibly two very dangerous counterfeits and explained that the minute tooling marks resulted in areas which had been touched-up on the fake dies.

It's amazing how "bad" these excellent fakes started to look under higher magnification. Within the next two minutes, the coins "fell-apart". Nothing on them looked "right" to me any more. Next, I saw identical dents on the raised parts of certain letters of each coin! The Director agreed and was convinced the coins were fakes. I had discovered a new counterfeit! You see, the tops of the letters on a coin are in the deep, protected, recessed, or lower parts of the die used to make it. It would be virtually impossible for identical damage to occur on many different parts of a coin or on that many parts of a die. Until now, authenticators had always looked for crater-like depressions found on the flat surfaces of counterfeits and had ignored any marks on raised letters from impact damage! The "Dark Ages" were over in authentication; the fun was about to start...To Be Continued.

BACK TO BASICS

Our every day speech is filled with adjectives we use to quantify a quality. The same holds true for numismatics. Open a grading guide and the words "few", "some", and "several" fill the pages. These quantifying adjectives are used to describe everything from the amount of wear on the high points of a coin to the number of contact marks it has in its prime focal area. Unfortunately, these words were never standardized and add more subjectivity to grading. Yet, for beginners to numismatics, it might be a blessing that the meanings of these words are open to interpretation!

I have found that much of the "mystery" to grading revolves around each person's individual interpretation of these quantifying words. The more proficient the grader, the closer his understanding of these values will be to the norm (whatever it is at that moment of time, in a changing cycle of strict to liberal and back again market grading).

Many years ago, one author wrote a grading guide in an attempt to standardize these words. He used detailed descriptions of how many, what size, and where each bag mark could be on a coin for a specific grade. It made for some humorous reading around ANACS but the joke was probably on me. As I like to tell my students, the book probably sold well and the author, whom I considered to be some kind of crack-pot is probably retired to some warm climate, relaxing by his pool, while pursuing a less complicated hobby!

A few years ago, I had a humorous experience with these quantitative words during a deposition I gave for a Federal prosecuting attorney. I had examined a large number of Morgan dollar rolls for quality and the attorney tried to learn how many coins in each roll I had determined to be a specific grade. I used terms such as "several", "few", or a "couple". This was not a specific enough answer for the prosecutor so he asked me to explain exactly how many coins I was referring to when I used the words "a couple". "Two",

I said. "And few?" "Three", I replied. "Do you always use words like this to relate to numbers? Do you have a term for six or eight?" "No", I said; "but I use several to refer to four!" I'm sure the attorney was frustrated; but at the time but he did manage a smile.

That's the way it is with coins. Each of us has our own view for the meaning of "few" or "many" and we each have a different mental image of the number of marks each word represents. I have found in a classroom situation that within a short time, most people can distinguish the quality that these words represent after a little practice. Of course, the number of bag marks on a coin and their relation to grade is more complicated than just counting. I go into this subject in the Institute's Coin Grading Correspondence Course and will cover this topic again in other Insight articles; but for simplicity, let's look at the basic terms and generalize their meanings so you can begin to practice forming your own ideas. In the following examples, consider all the marks to be of equal size and severity. Compare your opinion with mine using the following descriptive words: (1) NONE, (2) VIRTUALLY NONE, (3) VERY FEW, (4) FEW, (5) SOME, (6) MANY, (7) VERY MANY, (8) HEAVILY MARKED.



few



some



many



virtually none



few



6.



2.



5.



1.



7.



6.



4.



NOTES ON GRADING UNCIRCULATED COINS: 1907 High Relief Twenty Dollars

First areas of wear are the knee and breast. Look for any change of color. Wear on natural coins looks dull or even reddish/yellow. Usually, flatness on the knee and breast indicates wear! Buffing hides color changes from wear but the "flat" will remain. It can be shiny due to "stacking rub".

Don't confuse curved, raised, die polishing scratches with buffing. *

Check fields for hairlines from light buffing, especially on coins with satin luster. *

Bag marks will have a different * surface than the fields.

Watch for damage to nose.

Watch for loss of feather detail on the upper wing, the main area of wear for the reverse. See comments for knee and breast.

Look for damage, especially on examples with wire-type rims which may become split folded-over, or crushed. *

Check for wear and loss of luster on the wide parts of the rim. *



A large number of these coins which are bought and sold as Mint State examples are actually buffed-up Extremely Fine to AU-58 coins. The more professional the dealer, the closer the coin will approach "technical" Uncirculated. Watch MS slabs where a majority of the AU-58 coins reside. These coins were rarely actually circulated yet much of the time they are found with a minor amount of wear. Most have also been cleaned, polished, or buffed at one time; the chance of finding an 100% natural coin OUTSIDE of a slab is slim.

MARKET NOTES

Recent front page stories announcing the discoveries of some new double die Buffalo nickels may signal the start of a new trend which really picked up steam with the publication of The Cherrypickers' Guide to Rare Die Varieties. Twenty years ago, plenty of "great" varieties were around for the "picking". Trouble was, back then, no dealers I could find were buying them. I once owned two 1916/1916 doubled die Buffalo nickels graded Very Fine +. The coins "book" for several thousand dollars now; yet, I remember practically ambushing a dealer and twisting his arm to buy one for \$65. I felt that he did a big favor for me and of course I jumped at the chance to unload the other one for the same price later! DEALERS DIDN'T BUY VARIETIES BECAUSE THEY COULDN'T SELL THEM. Most collectors of unlisted or scarce varieties went out and "cherrypicked" their own.

I believe the grading mess, and past high prices for coins has driven a large number of young, sharp collectors into the variety field and that this is where the next big price push will come from. A word of warning though. In a Coin World article, one expert predicted that the new [minor] double die discoveries would be worth a substantial premium over a normal coin. Yes and no. The difference between \$2.35 and \$15 might be considered substantial; but there are so many unlisted doubled die coins around - especially minor varieties, that I can't get excited. The largest increases will come for the major "naked-eye" doubled coins. Get in on the ground floor, it's about time these coins became popular outside of the error field. When you stop to think about it, if there were holes in coin boards for "cheap" doubled die coins like the 1963-P doubled obverse, the 1937-D "three-legged" buffalo would not be so popular or so expensive! Everything is relative.

There are some interesting price differentials and grading abuses to be aware of (spelled: BEWARE) in the coin market. Since I left the "Ivory-Tower" environment of a "true" rare coin grading and authentication lab for the main stream of numismatics, I have been better able to see some of the abuses which take place with coin grading certificates of some third-party grading services and the values which they represent.

Those of you who have read my opinions in my newsletters know how I feel about coin pricing guides in the grading lab. I believe the inclusion of value as in: "this coin is only worth MS-63 money" only takes away some of the precision which should exist at a grading service. The best graders are numismatists who can put value aside while making a grade determination, or those who know nothing about the value of the coins they view!

However, the grading labs which use ex-coin dealers to grade or which are run by coin dealers have one important safeguard over the "true" grading laboratory operated by laymen unaware of the values of the coins they grade. The grade assigned by the principal grading services on their slabs, usually is a good indication of the highest value that the coin inside the container is worth. On the other hand, I'll use a more or less fictional example of how unscrupulous individuals use the less popular grading service slabs to take advantage of unsuspecting neophytes. Unfortunately, these folks are the ones which the hobby publications do not reach with their messages of caution.

A typical coin used for these scams is the 1880-O Morgan Dollar. If you check a recent Greysheet, it is quoted near \$900 in the MS-64 grade and \$19,000 as a MS-65! This presents little problem to a Dollar collector or savvy dealer. They can tell the difference between a coin worth \$900 and one worth \$19,000. It's the rest of us who have the problem. If you look in the population reports of the major grading services, less than a dozen MS-65 1880-O Silver Dollars exist in slabs (this in itself seems pretty odd but I'll discuss that problem another time); yet an MS-65 1880-O is much easier to find in "Brand-X" slabs. This is because all the grading services operate using their own grading standards and in some cases, the differences can be great.

It works like this. Dealers send in 1880-O Dollars to a major grading service such as PCGS or NGC. The coins which come back graded MS-63 or MS-64 are sent to a less popular service with instructions to remove the coins from their slabs only if they "make" a higher grade using a different standard of grading. Many of these coins become MS-64's or even MS-65's when they are graded using a system which is not based on "value". It's these coins which are re-slabbed and eventually sold to the firms operating on the fringes of the industry at a huge discount from the \$19,000 price of MS-65 coins. Who can say what "special price" the investor will be given for this rare MS-65 1880-O Morgan. After all, it has such a low population.

BETWEEN THE LINES

An article last September in Numismatic News by Al Dolye about the meaning of a condition-census coin revealed some startling observations on the part of at least one dealer who was interviewed and also shows how close we are getting to a census of top quality coins.

* "It was Dr. William Sheldon who first proposed the idea of a condition census. In his book Penny Whimsy, Sheldon defined a condition-census specimen as 'actually the six finest of the variety', obviously referring to large cents. He added, 'It cannot be too often repeated that research in such a field as this will never be perfectly complete. We will never be quite certain that the six coins listed are actually the six finest of the variety'. Sheldon's classification system for the finest-known large cents (as well as his 70-point grading scale) has been adopted by the rest of the coin business." Dr. Sheldon and the author of the article could not have made things any clearer; yet watch how the standards become twisted.

* "Dealer Bruce Amspacher ..., has his own definition for condition-census coins." WHAT? Now think about that. Who cares what B.A. defines condition-census to be? It was already defined and assimilated into the hobby long before he sold his first coin! That is one of the reasons there are so many problems with words, usages, meanings, and ultimately - grading in this hobby. It all comes down to the fact that many people fail to learn correctly in the first place, are resistant to change, or just twist numismatic usage in ways which suit themselves.

NOTE: I am guilty of all these things so I'll keep slinging stones! Recently, I learned that "doubled die cent" is better usage than "double die cent". Just a small difference, but I have always used the latter phrase when the former version, as pointed out by Alan Herbert among many others, is more correct.

* "Noted for his expertise in better-date Morgan dollars, Amspacher finds that specialists in that series tend to ignore Sheldon's guidelines [for condition-census]." Al Doyle may get this impression from Amspacher's statement but I don't agree. The only things I find that the specialists (Ex-Perts) in the Morgan dollar series tend to ignore are hairlines from cleaning, altered surfaces, or any other detractions which they couldn't readily see UNTIL the pressure was put on them (see Editorial on page 1). Amspacher talks about collectors wanting the finest known. Besides, what is all the commotion about that traveling set of top-quality PCGS Morgan dollars if not a display of condition-census coins.

* "Despite his emphasis on quality coins, Amspacher warned buyers to be selective in their purchases. 'You can pay too much for a coin that isn't very significant.'" Great advice. I hope all the owners of 1937-D "three-legged" nickles are paying attention.

Finally, the article relates how some dealers view the grading service population reports as only a guide. While this may be true, as Dr. Sheldon pointed out, new information will always keep turning up. These population reports are the best census we have for now. Hopefully, one day these reports will become more like a true census which shows the top condition coins for a series and their owners.

The next letter I wish to comment on comes from the pages of The U.S. Coin Collector, the publication of The National Coin Collectors Association. While I don't know anything about the organization except what I read in its Journal (NCCA, P.O. Drawer 1150, Murphysboro, IL 62966. Formed in Fall 1990, exists solely to promote and foster education and enjoyment in numismatics, 300+ members.); its goals sound fine to me and the Journal contains some good reading. The letter I comment on comes from Bill Fivaz. If he writes for the Journal, it has to be interesting and educational! Bill writes to answer a reader's question about detecting wear on a coin. Bill gives the now standard answers but remember, in 1973 when we were grading this way at ANACS, none of this information was published. The use of a stereo microscope for grading had revealed for us what now passes as common sense! To quote Bill:

* "The first thing he should look for on those areas of high relief (the same area to show wear and/or contact marks from other coins) is a color difference. Coins that have been jostled around in a bag or have been stacked in a roll will exhibit a shiny effect in those areas, the result of metal hitting against metal. Conversely, if the coin has seen a bit of wear, that same area will show a definite dullness, a distinct difference in color, from rubbing ... There you have it. What really use to be one of the biggest secrets to grading and the reason I use to say, "The best kept secret in numismatics is that 'truly' uncirculated coins are rare"! We could see the color change to the original surface of coins with very slight rubbing quite easily with our microscope!

* "The real problem arises when you have a weakly-struck coin with just a little wear". True, but only if you do not have the experience of viewing weakly struck coins with the aid of a microscope. As Bill says in another (unquoted) part of his letter, the surface luster on a weakly struck area of a coin will be different. This is very true BUT wear on a flatly struck area of a coin WILL ALSO SHOW A CHANGE OF COLOR although not the same as on

a strongly struck area of the same coin because the weak area began with a different luster to begin with.

BOOS AND GEMS

The October 2, 1991 issue of Coin World featured a letter to the Editor in which a very distinguished and knowledgeable numismatist writes that he wipes the excess of a protective silicone coating from his coins with a piece of "soft" flannel! I am curious if this method of coin preservation causes less microscopic damage to his coins than the camel hair brushes many large cent collectors use to buff-up their coins for future generations?

I bet I can guess where he learned this trick. Three years ago while I was in a N.Y.C. coin firm where this fellow worked as a boy, I watched in horror as one of the "professional" numismatists prepared a group of half dollars for the display cases by dipping a dirty-grey, used Q-tip into some cleaner and vigorously rubbing it across the surfaces of each coin.

I also remember trying to keep calm at a coin show while one of the large cent "specialists" told me he was not hairlining his chocolate-brown large cents by moving microscopic contaminants (dirt or grit for those of you who hate big scientific words) back-and-forth across their surfaces with rapid brushing!

I'll admit that a hairlined coin is usually more attractive than one with spots. Still, until the letter writer is more specific about his procedures, I hope collectors do not try his "preservation" method at home on their coins. Remember, the writer is an "expert" who knows what he is doing. He's been taking care of some of this country's rarest numismatic coins before most of us were born.

COMING

I recently did an interview for an article being sent to U.S. Coin Collector about coin grading. After it is published, I'll print it here for you to read. Byron Weston, the interviewer, asks some tough questions; and I have an idea that I will get many ideas for BETWEEN THE LINES stories from the pages of that Journal. You may want to subscribe.

The mini-seminar for Young Numismatists this past December went well. A few of the parents made some comments after the session about some of the thoughts I gave the children. It seems they think I should tell more of the juniors some of my introductory insights into coin collecting, so I shall do that either in these pages or in the national press.

Looking back to last year, I still need to print a Prooflike article and another BOO OF THE CENTURY. I'll finish the story about the "Omega" fakes and explain why the early methods of counterfeit detection by style did not work. Finally, we will answer a letter from a reader about the "Die-Scratch Method" of coin authentication. Write to say how you enjoyed GRADING NOTES.

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